

**COMMONWEALTH OF KENTUCKY
EXECUTIVE BRANCH ETHICS COMMISSION
CASE NO. 11-007**

**IN RE: PAULA DANIELS-MUSIC
ALLEGED VIOLATION OF KRS CHAPTER 11A**

**INITIATING ORDER
Initiation of Administrative Proceeding
And Formal Complaint**

The Executive Branch Ethics Commission (the “Commission”), upon its own motion, initiated a preliminary investigation of Paula Daniels-Music (the “Respondent”), pursuant to KRS 11A.080(1), on March 8, 2011.

At all relevant times the Respondent was a “public servant” as defined in KRS 11A.010(9), and thus subject to the jurisdiction of the Commission.

The Commission initiated the preliminary investigation to determine whether it has sufficient probable cause to believe the Respondent violated provisions of KRS Chapter 11A (also referred to herein as the “Ethics Code”).

The Commission focused its investigation upon the Respondent’s possible violation of the Ethics Code by using her influence in a matter that involved a substantial conflict of interest between her personal and private interests and her duties in the public interest; using her official position to secure or create privileges, exemptions, advantages or treatment for herself or others in derogation of the public interest; and immediately after leaving state government employment, representing a business before her former state agency on matters in which she was directly involved during the last thirty-six (36) months of her employment.

The Commission notified the Respondent of the preliminary investigation by letter dated March 9, 2011. During the course of the investigation, the Commission found probable cause to believe that violations of KRS Chapter 11A had occurred and voted on September 19, 2011, to

initiate an administrative proceeding, pursuant to KRS 11A.080(4)(b) and KRS Chapter 13B, to determine whether the Respondent violated the Ethics Code as set forth in the Allegations of Violations, attached hereto and incorporated fully herein as Appendix A to this Initiating Order.

IT IS THEREFORE ORDERED that:

1. The Respondent shall file her answer to this Initiating Order within twenty (20) days from the date of service, verifying the truth and accuracy of any answer submitted.
2. The Respondent shall appear at a hearing to be scheduled by subsequent order and be prepared to defend against the Commission's allegations that she committed the Ethics Code violations set forth in the Allegation of Violations, attached hereto and incorporated fully herein as Appendix A to this Initiating Order.
3. A Hearing Officer will be designated by the Administrative Hearings Branch of the Office of the Attorney General, 1024 Capital Center Drive, Suite 200, Frankfort, Kentucky 40601-8204.
4. The Commission is represented by Kathryn H. Gabhart, General Counsel, and John R. Steffen, Executive Director. They may be contacted through the Commission's office at (502) 564-7954.
5. All original material shall be submitted to the Executive Branch Ethics Commission, #3 Fountain Place, Frankfort, Kentucky 40601. A copy of all materials shall be served on the designated Hearing Officer at the Office of the Attorney General, 1024 Capital Center Drive, Suite 200, Frankfort, Kentucky 40601-8204.
6. The Respondent has the right to legal counsel during this proceeding. If the Respondent retains legal counsel, that person shall file an appearance with the Commission, and thereafter all correspondence from the Commission to the Respondent shall be mailed or delivered to the Respondent's attorney.

7. The Respondent has the right to examine upon request, at least five (5) days prior to the hearing, a list of witnesses the Commission expects to call at the hearing, any evidence that will be used at the hearing and any exculpatory information in the Commission's possession.

8. The Respondent has the right to subpoena witnesses on her own behalf. If the Respondent subpoenas witnesses, she shall pay for all costs associated with the subpoenas' issuance, including any applicable witness fees.

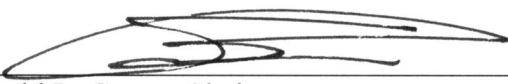
9. If the Respondent fails to attend or participate as required at any stage of the administrative hearing process without good cause shown, she may be held in default pursuant to KRS 13B.050(3)(h).

10. The Respondent has a right to appeal any final Commission order to the Franklin Circuit Court within thirty (30) days of service.

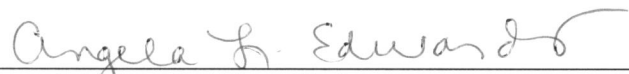
11. This proceeding is subject to KRS Chapter 11A, the Commission's regulations, the provisions of KRS Chapter 13B, and any Order issued by the Commission or its hearing officer issued during this administrative proceeding.

So ordered this 19th day of September 2011.


EXECUTIVE BRANCH ETHICS COMMISSION:



Ronald L. Green, Chair



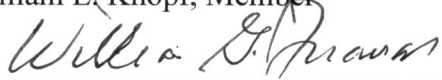
Angela Edwards, Vice-Chair



W. David Denton, Member



William L. Knopf, Member



William G. Francis, Member

**APPENDIX A
CASE NO. 11-007
INITIATING ORDER**

ALLEGATION OF VIOLATIONS

The Respondent, Paula Daniels-Music, was at all relevant times an employee of the Commonwealth of Kentucky, serving in the Department for Medicaid Services, Cabinet for Health and Family Services. As such, the Respondent was subject to the jurisdiction of the Commission. KRS 11A.010(9)(h).

During the course of its preliminary investigation, the Commission found probable cause to believe that Paula Daniels-Music committed the following violations:

COUNT I

Paula Daniels-Music, during her course of employment as a Medicaid Specialist III, with the Department for Medicaid Services, Cabinet for Health and Family Services, used her official position to influence matters that involved a substantial conflict of interest between her personal and private interests and her duties in the public interest.

Specifically, in the fall of 2010, Daniels-Music participated in reviews of homes on which she had knowledge that her husband, an employee of Radical Rehab, which is regulated by the Department, had performed repairs to bring the homes within compliance of the Department's regulations. Daniels-Music failed to disclose to her Department that her husband worked for Radical Rehab until questioned by her supervisor, Leslie Hoffman. Further, in December of 2010, Daniels-Music participated in an annual review of Radical Rehab that required reviewing billing records that her mother, an employee of Radical Rehab, which is regulated by the Department, had prepared. Daniels-Music failed to abstain from working on matters involving Radical Rehab on which she knew that her husband and mother were involved.

These facts constitute violations of KRS 11A.020(1)(a).

KRS 11A.020(1)(a) provides:

- (1) No public servant, by himself or through others, shall knowingly:
 - (a) Use or attempt to use his influence in any matter which involves a substantial conflict between his personal or private interest and his duties in the public interest.

COUNT II

Paula Daniels-Music, immediately after leaving the employment of the Department for Medicaid Services, Cabinet for Health and Family Services, represented a business before her former state agency on matters in which she was directly involved during the last thirty-six (36) months of her employment.

Specifically, Daniels-Music left employment with the state on January 15, 2011, and immediately began representing Radical Rehab on all matters involving the Department, with the earliest communications occurring within four (4) days of leaving the employment with the Department. Beginning January 19, 2011, Daniels-Music became Radical Rehab's Quality Assurance Officer, ensuring that Radical Rehab demonstrated compliance with the Department's rules and regulations to avoid being placed on moratorium, despite having participated in discussions with Department staff about placing Radical Rehab on moratorium prior to leaving her employment with state government. Further, on January 19, 2011, Daniels-Music began representing Radical Rehab on matters involving individual patients for whom she reviewed billing records and incident reports within the thirty-six (36) months prior to leaving employment with the state.

These facts constitute violations of KRS 11A.040(9).

KRS 11A.040(9) provides:

A former public servant shall not represent a person or business before a state agency in a matter in which the former public servant was directly involved

during the last thirty-six (36) months of his tenure, for a period of one (1) year after the latter of:

- (a) The date of leaving office or termination of employment; or
- (b) The date the term of office expires to which the public servant was elected.

(End of document)